



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
ALLEN COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE ALLEN COUNTY CLERK

Calendar Year 2000

The Auditor of Public Accounts has completed the Allen County Clerk audit for calendar year ended December 31, 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Allen County Clerk paid the Allen County Fiscal Court \$19,481 in excess fees for calendar year 2000.

Debt Obligations:

The clerk has four leases:

<u>Item Leased</u>	<u>Monthly Payment</u>	<u>Term of Agreement</u>	<u>Ending Date</u>	<u>Remaining Lease Payments As Of December 31, 2000</u>
Software Management, Inc.- Computer Equipment	\$ 1,802	60 months	July 11, 2004	\$ 75,684
Software Management Inc.- Computer Software	\$ 905	60 months	July 11, 2004	\$ 38,010
Xerox-Copier	\$ 209	60 months	October 27, 2002	\$ 7,517
Triple M Business Products- Copier	\$ 163	36 months	August 23, 2002	\$ 3,100

Report Comments:

None.

Deposits:

The county clerk's deposits were insured and collateralized by bank securities or bonds.

Subsequent Event:

None.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Johnny Hobdy, Allen County Judge/Executive

Honorable Beverly Calvert, Allen County Clerk

Members of the Allen County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Allen County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Johnny Hobdy, Allen County Judge/Executive
Honorable Beverly Calvert, Allen County Clerk
Members of the Allen County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 18, 2001

ALLEN COUNTY
BEVERLY CALVERT, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Grants		\$	15,386
State Fees For Services			7,114
Fiscal Court			4,813
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	343,898	
Usage Tax		1,087,598	
Tangible Personal Property Tax		960,051	
Motor Vehicle Lien Release Fees		4,230	
Motor Vehicle Notary Fees		12,080	
Miscellaneous		2,709	
Licenses-			
Fish and Game		13,760	
Marriage		5,969	
Occupational		125	
Deed Transfer Tax		31,162	
Delinquent Tax		95,491	2,557,073
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	17,033	
Real Estate Mortgages		22,843	
Chattel Mortgages and Financing Statements		52,529	
Powers of Attorney		2,327	
All Other Recordings		16,779	
Charges for Other Services-			
Candidate Filing Fees		540	
Copywork		3,243	115,294
Other:			
Refunds and Overpayments	\$	9,466	
Miscellaneous Income		975	10,441
Interest Earned			2,731
Total Receipts		\$	2,712,852

ALLEN COUNTY
 BEVERLY CALVERT, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 256,015
Usage Tax	1,051,503
Tangible Personal Property Tax	333,555

Licenses-

Fish and Game	13,385
Delinquent Tax	10,860
Legal Process Tax	17,385
Candidate Filing Fees	<u>240</u>
	\$ 1,682,943

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 82,455
Delinquent Tax	9,127
Deed Transfer Tax	<u>29,604</u>
	121,186

Payments to Other Districts:

Tangible Personal Property Tax	\$ 505,289
Delinquent Tax	<u>51,382</u>
	556,671

Payments to Sheriff 1,446

Payments to County Attorney 13,981

Operating Disbursements:

Personnel Services-

Deputies Salaries	\$ 112,577
-------------------	------------

Employee Benefits-

Employer's Share Social Security	12,695
Employer's Share Retirement	11,875
Employer's Paid Health Insurance	19,681

ALLEN COUNTY
 BEVERLY CALVERT, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Contracted Services-			
Computer Equipment and Software Lease	\$	32,484	
Copier Leases and Maintenance		5,136	
Office Equipment		3,901	
Employee Training Program		12	
Library and Archive Purchases		15,719	
Printing and Binding		1,959	
Materials and Supplies-			
Office Supplies		13,836	
Office Furnishings		691	
Other Charges-			
Bank Service Charges		60	
Convention and Travel		3,473	
Dues		1,580	
Insurance and Bonds		253	
Postage		6,452	
Refunds		12,807	
Uncollected Returned Checks		477	
		<u>477</u>	\$ 255,668
Total Disbursements			<u>\$ 2,631,895</u>
Net Receipts			\$ 80,957
Less: Statutory Maximum			<u>56,482</u>
Excess Fees			\$ 24,475
Less: Expense Allowance	\$	3,600	
Training Allowance		<u>1,394</u>	<u>4,994</u>
Excess Fees Due County for Calendar Year 2000			\$ 19,481
Payments to County Treasurer - February 27, 2001			<u>19,481</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The former County Clerk, Elvis Russell received a local records microfilming grant from the Kentucky Department of Libraries and Archives in the amount of \$14,246 during calendar year 1997. There were no expenditures from the grant proceeds and the grant balance as of December 31, 1998 (the end of the former clerk's term of office) was \$14,921. This amount was transferred to the next elected Allen County Clerk. The Kentucky Department of Libraries and Archives transferred the grant agreement to the current county clerk. During calendar year 1999, interest receipts totaling \$465 were earned on the unexpended grant funds. There were no expenditures and the grant fund balance as of December 31, 1999 was \$15,386. During calendar year 2000, interest receipts totaling \$333 were earned on the account. All grant funds had been expended as of December 31, 2000.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 5. Leases

County Clerk's office is committed to the following lease agreements as of December 31, 2000:

Item Leased	Monthly Payment	Term of Agreement	Ending Date	Remaining Lease Payments As Of December 31, 2000
Software Management, Inc.- Computer Equipment	\$ 1,802	60 months	July 11, 2004	\$ 75,684
Software Management Inc.- Computer Software	\$ 905	60 months	July 11, 2004	\$ 38,010
Xerox-Copier	\$ 209	60 months	October 27, 2002	\$ 7,517
Triple M Business Products- Copier	\$ 163	36 months	August 23, 2002	\$ 3,100

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Johnny Hobdy, Allen County Judge/Executive
Honorable Beverly Calvert, Allen County Clerk
Members of the Allen County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Allen County Clerk for the year ended December 31, 2000, and have issued our report thereon dated June 18, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Allen County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Allen County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 18, 2001

